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UNCLAS ASUNCION 000592

SENSITIVE
SIPDIS

TO WHA/FO CKELLY, WHA/BSC MDRUCKER, CCROFT

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [PREL](#) [PA](#)

SUBJECT: LUGO STEERS MODERATE COURSE IN INAUGURATION SPEECH

11. (SBU) SUMMARY: After taking his oath with an emphatic "I swear," President Fernando Lugo delineated his ideals for Paraguay in an emotive inauguration speech, some of which he delivered in Guarani. Lugo marked a strong affinity with the left as he emphasized the cause of the poor and the indigenous, but also promised to pursue "a sustainable economy with social equity" which would offer the business sector the best possible working environment. Lugo promised to institutionalize Paraguay's public entities. He said the indigenous will be the owners and guardians of the country's natural resources and promised to improve living conditions for peasants, placing special emphasis on the problem of street children. Lugo stated that protection of the environment and conservation of the last remaining Atlantic Forest will be his passion. He expressed hope that the armed forces will become a friend of the community and that the national police will improve security. On health and education, Lugo assured his people that he is working on projects to improve access to government services. Lugo, the "bishop of the poor," wove a careful balance between the left and the right, peppering his speech with a populist discourse but reassuring the business community that he would look out for its interests. His moderate discourse steered clear of pro-Venezuelan or anti-American sentiments, as he focused almost exclusively on domestic themes. END SUMMARY.

THE SPEECH

12. (SBU) After taking his oath with an emphatic "I swear," President Fernando Lugo delineated his ideals for Paraguay in an emotive inauguration speech, some of which he delivered in Guarani. Lugo, who ousted the Colorado Party after 61 years in power, took the reigns of the country in a colorful and symbolic ceremony (which included a 21-gun salute). Wearing a white shirt without a tie and Franciscan sandals, Lugo talked about austerity and honesty, and emphasized that the days of "the Paraguay for a few, with fame of corruption" had ended. On the margins of the crowd, communist and Che Guevara flags waved alongside large Bolivian flags (President Morales received the most enthusiastic ovation of all foreign presidents in attendance).

13. (SBU) Lugo marked a strong affinity with the left as he emphasized the cause of the poor and the indigenous. He was on the brink of tears when he talked about the indigenous, the poor and his humble beginnings as a priest. Lugo reminisced about joining the church, "surrounded by his community and great poverty," to defend those "who history has thrown on the scenery of poverty and misery." Lugo said that the "indigenous people, along with those Paraguayans who live in poverty" will be his administration's priority. He also said he will pursue a frontal fight against impunity and

corruption via profound state reforms. Lugo promised to be implacable with those who steal from the state coffers, and to improve public expenditures.

ECONOMY

14. (SBU) Lugo promised to pursue "a sustainable economy with social equity." He spoke about an "education policy with emphasis on social actions to decrease economic factors that produce structural poverty." He emphasized that he will promote dialogue between the social and business sectors to "reach a social pact." Lugo also spoke about the necessity of introducing new business that generates opportunities and has direct social impact.

15. (SBU) Lugo said that the business sector will receive his full support and enjoy the best working environment possible. He said he will promote the creation of agricultural industries that further social goals as well as environmental protection. Lugo added that his administration will work to find alternatives to the export of raw materials, including value-added production. Lugo stated that the communication, banking and service sectors will enjoy a close and decisive state partnership.

PUBLIC ENTITIES

16. (SBU) Lugo promised to institutionalize Paraguay's public entities. He talked about efficiency, patriotism, transparency and responsibility by the public sector. He emphasized the importance of honesty because "there are not corrupt entities, but only workers that corrupt themselves." Lugo also said that party affiliation will no longer be a requirement to work for the government. He further stated that he will find ways to eliminate state "secretismo," to make the public entities accountable and to improve workers' professionalism and skills. Lugo indicated that change will be reflected in his administration's austerity and control of public goods to prevent abuses and illicit acquisition and accumulation of wealth by a few politicians while the majority of the population suffers in poverty.

SOCIAL PROGRAMS

17. (SBU) Lugo said that the indigenous will be the owners and guardians of the country's natural resources. Lugo said that they will be able to enjoy and productively exploit the nation's natural resources. He said the land claimed by the indigenous will not only be sacred but will serve as a basis to give constitutional protections to the less fortunate. Lugo threatened that "not a single white person that negotiates indigenous land, humiliates and persecutes the indigenous will enjoy the impunity he or she always had." Lugo added that a crime against an indigenous person will not go unpunished.

18. (SBU) Lugo said that his administration will work hard to improve living conditions for peasants. Lugo also said that his administration will work to eliminate the so-called "liberated areas or dangerous zones," such as San Pedro. However, Lugo said, his administration will not persecute or discriminate against anyone for "bearing the sign of poverty."

19. (SBU) Lugo placed special emphasis on the problem of street children. He lamented the children working at Asuncion's busy intersections, in constant danger, to earn a few coins for the day. Lugo said that he did not know how long it will take to fix the problem or if it will be possible to completely eradicate "the monster of misery that condemns the children," but, as with the indigenous, the children in misery will have the personal attention of the president.

¶10. (SBU) Lugo pointed out that environmental protection and conservation of the last remaining Atlantic Forest will be his passion. By applying resources strategically, Lugo stated that the Guarani aquifer, the Northern swamps and everglades, and the sources of fresh water will be protected. To accomplish this goal, Lugo said that he will implement regional programs that will be supported locally.

ARMED FORCES AND NATIONAL POLICE

¶11. (SBU) Lugo expressed hope that the armed forces will become a friend of the community and that the national police will improve security. Lugo said that the armed forces should dignify their historical legacy and become the community's friend and partner. He said that the armed forces' obscure and repressive operations to prop up despotic regimes are things of the past. On the national police, Lugo stated that the level of police corruption must drastically decrease. He promised to improve security by creating a "social conscience," tightening control and punishing corrupt police officers, and by improving the officers' living conditions and investing in technological, logistical and financial infrastructure.

HEALTH AND EDUCATION

¶12. (SBU) Lugo expressed that he is working on projects that will improve access to government services. He said that his administration's most important social investment will be reflected in the phrase, "a healthy and educated child." Lugo said his "social cabinet" will make sure that his administration concentrates on education and health.

¶13. (SBU) COMMENT: Lugo, the "bishop of the poor," wove a careful balance between the left and the right, peppering his speech with a populist discourse but reassuring the business community that he would protect them as well. His moderate discourse steered clear of pro-Venezuelan or anti-American sentiments, as he focused almost exclusively on domestic themes (the only exception being a passing reference to the bi-national dams with Brazil and Argentina). END COMMENT.

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